California Health Policy and Data Advisory Commission
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Minutes
California Health Policy and Data Advisory Commission
December 8, 2003

The meeting was called to order at 10:22 a.m. by Chairman William S. Weil at the Hyatt Regency Hotel in Sacramento, California.

Commissioners

Present:

William S. Weil, MD, Chairperson
William Brien, MD
Marjorie Fine, MD
Janet Greenfield, RN
Howard L. Harris, PhD
Paula Hertel, MSW
Sol Lizerbram, DO
Hugo Morris
Jerry Royer, MD, MBA
Kenneth M. Tiratira, MPA

Absent:

Bishop Bastien
Thomas McCaffery, MPA
Corinne Sanchez, Esq.

CHPDAC: Jacquelyn Paige, Executive Director, and Raquel Lothridge, Executive Assistant

OSHPD: David Carlisle, MD, PhD, Director; John W. Rosskopf, Esq., Acting Chief Deputy Director; Tacia Carroll, Acting Deputy Director, Cal-Mortgage Loan Insurance Division; George Fribance, Cal-Mortgage Loan Insurance Division; Jonathan Teague, Manager, Health Information Resources Center; John Kriege, Healthcare Information Division; and Angela Smith, Health Professions' Education Foundation

Also in Attendance: Vito Genna, Chairman, Health Information and Public Information Committee, CHPDAC; Dorel Harms, California Healthcare Association; Darryl Nixon, California Association of Health Facilities; and Polly Sloan

Chairman's Report: Two new members have been appointed to the Commission. For the benefit of the newly appointed members, introductions were made and Commissioners indicated their representation on the commission.

New members shared some background information. Dr. Sol Lizerbram retired from practice about ten years ago. He is involved with the healthcare information

business, connecting physicians and providers with payers through the Internet, and is heavily involved with healthcare technology and data. He has been connected with statewide and national healthcare policy organizations. Dr. Weil added that Dr. Lizerbram has also been on the State Insurance Commission, California Medical Assistance Commission and the Health and Wellness Commission.

Dr. William Brien is a graduate of the UCLA School of Medicine, where he did his residency training, and later joined the full-time faculty for about four years. He is currently Clinical Chief of the Department of Surgery at Cedars Sinai Medical Center, a member of the Board of Directors, and has served on the Medical Executive Committee for the last eight years. He is also Vice-President of the Board of Education in Beverly Hills.

Dr. Jerry Royer and Janet Greenfield were recently reappointed to the Commission. Dr. Carlisle administered the oath of office to Commissioners Lizerbram, Brien, Royer and Greenfield.

Governor Schwarzenegger recently appointed former Department of Health Services Director, Kim Belshe, as Secretary of the Health and Human Services Agency. The Commission has worked with Ms. Belshe in the past and is looking forward to a continuing relationship.

Executive Director Paige announced that Commissioner Tom McCaffery was appointed to the Department of Health Services as the Chief Deputy Director, and has resigned his position with the Alliance of Catholic Hospitals. Commissioners were pleased to hear of his appointment and expressed congratulations.

Approval of Minutes: The minutes from the October 17, 2003 meeting were approved with minor corrections.

OSHPD Director's Report: Dr. Carlisle added that Ms. Belshe has a broad range of experience and knowledge of healthcare policy issues. The Commission's role with regard to OSHPD has supported much of OSHPD's work, which has the vision statement of equitable healthcare accessibility for California. "Accessibility" refers to making sure that healthcare is available, and "equitable" refers to the planning function, which is very important in healthcare.

John Rosskopf, Esq., Chief Counsel, was introduced as the interim Chief Deputy Director. Dale Flournoy, Cal-Mortgage Deputy, served on an interim basis, and plans to retire from State service shortly.

Mike Kassis is taking over as interim Deputy Director of the Healthcare Quality and Analysis Division in addition to his duties with the Healthcare Information Division. Loel Solomon, PhD, resigned earlier in the year, and Joe Parker, PhD, assumed his responsibilities on an interim basis.

Diane Dargan of the Healthcare Information Resource Center and Bill Burnett, a key contributor to the Song-Brown program that supports most family medicine training

sites, has retired. Diane Tomoda has recently been appointed as the Administrative Officer of the Health Professions Education Foundation.

Dr. Carlisle distributed a new OSHPD publication on Racial and Ethnic Disparities in Healthcare in California. Another report was also recently completed in collaboration between the Health and Human Services Agency and the American Public Health Association, entitled "Help for All Californians: Strategic Approach to Eliminating Racial and Ethnic Health Disparities in California."

Commissioner Morris asked about the dissemination of these reports and suggested that legislators be made aware of the availability. Dr. Carlisle also mentioned that the OSHPD report is available on the website, and the other report is being distributed through the American Health Association and thought to be available on their website, as well as OSHPD's website.

Legislation (SB 680) passed over a year ago mandated the reporting of outcomes of coronary artery bypass graft surgery for both hospitals and surgeons. All hospitals have succeeded in reporting their first-year data by the deadline for the mandatory phase. About 80 percent of hospitals that perform this procedure have participated in the voluntary program. Two reports have been issued since the inception of the voluntary reporting. The analysis for the mandatory program should be forthcoming within the next two years. Until now, New York has been the only state that releases outcomes data at the performing surgeon level for this procedure. This same legislation also mandates that OSHPD attempt outcome reports for additional procedures and identify the performing surgeons. Staff is working on these methodologies.

A major accomplishment within OSHPD has been MIRCal, Medical Information Reporting for California, which continues to work very well. Within a few months, 2002 data should be available for dissemination. This system took the reporting system that existed for over twenty years and converted it into a fully electronic reporting system. Hospitals can now submit data online, with online edits. Data are now available for release within six months, but may become available even sooner in the future.

The ALIRTS, Automated Licensing and Report Tracking System, has gone online. Utilization data can be accessed electronically and interactively. Questions can be asked of the data, which can be presented either individually by hospital or on an aggregate basis. These two systems have brought California to the cutting edge and far beyond what other states have accomplished in these areas. They are major technological accomplishments.

Commissioners are familiar with some of the restrictions under which State Government has been operating. A hiring freeze and other procedures have been put in place to minimize the budget deficit to the fullest extent possible.
One of the first executive orders issued by Governor Schwarzenegger was the recognition that special funded departments should be evaluated differently in terms of vacancy reductions and the hiring freeze. OSHPD has recently received formal authorization to add 19 hospital plan review positions that were lost last year as part of

the vacancy reduction. The Office is looking forward to moving forward with the plan reviews.

Question was asked if the deadlines for earthquake preparedness have been altered. The major deadline that hospitals with outright structural hazards have to comply with is 2008 for all their buildings. If hospitals demonstrate that a compelling community need would be lost through compliance with the legislation if they close, legislation allows for an extension of that deadline by five years, until 2013. Several hospitals have applied for extensions. More hospitals are in the queue, and total time for review of a hospital plan has increased. This is being addressed by adding more staff.

Technical Advisory Committee Report: Dr. Jerry Royer, Chair

Dr. Royer has recently returned to California as the Senior Medical Director for Health Net, Northern California.

Dr. Royer said in response to the racial and ethnic disparity literature discussed above, at a recent conference of physician providers, Dr. David Hayes-Bautista talked about the health status of the Hispanic population. He pointed out that as of 2001 in Los Angeles, that more than 50 percent of the babies born were Hispanic. He stated that Hispanics do better than non-Hispanic whites in mortality, longevity, heart disease, cancer and infant mortality. Dr. Bautista pointed out that if the rest of the population had the same lifestyle as Hispanics, there would be thousands of fewer deaths every year. Dr. Carlisle said he has known Dr. Bautista for many years, and he is one of the most esteemed health and social policy researchers in California in this particular area. His numbers are on the mark and quite compelling. He has a soon-to-be publication coming out that captures these points.

The Technical Advisory Committee met on September 5. Discussions included CABG reporting and the ICU mortality project, as well as data elements that should be reported in order to create these reports, as mandated by legislation.
CABG: CABG reporting began as a voluntary reporting project several years ago. The mandatory reporting project has been ramping up for a year or two. Some of the efforts in the hospitals reporting voluntarily have dropped off during the last year, as they have been preparing for mandatory reporting. There are 120 hospitals doing open-heart surgery in California. About 40 of those hospitals perform under 100 procedures a year, many of which are within five miles of another program.

A report using data for 1997 through 1999 was released to the 70 hospitals participating in the voluntary program on September 8, 2003. The report found that hospitals having fewer than 200 cases annually are statistically significantly worse than those with annual volumes of over 200. Some of the hospitals had such low numbers that the confidence level was large. For any single year, it was not possible because of the wide confidence level to identify those hospitals that were worse than average or better than average. By rolling that up into multiple years, the data could be aggregated and the confidence interval could be narrowed. As a result, the report concluded that approximately five were in the better than average category and about five in the worse than average category.

The voluntary program ends with 2002 data. The mandatory program begins with 2003 data. The first report for mandatory CABG reporting will be released in 2005, based on 2003 and 2004 data. The first mandatory report in 2005 will identify hospitals. One year later, mandatory reporting of physicians will begin.
The CABG mortality rate in California is 3 percent, a relatively safe operation. There is a much higher mortality rate for pneumonia, stroke and heart attacks.

Community-Acquired Pneumonia (CAP): The community-acquired pneumonia project is the first to report "do not resuscitate (DNR)" and "condition present on admission (CPA)" elements. DNR is a risk factor in itself. CPA is critical to determine if something happened after admission, which may reflect a complication of that admission. This report was based on a 1996 validation study.

California Intensive Care Outcomes (CALICO): California Intensive Care Outcomes is a study of ICUs as a whole, and the group of different clinical entities that go into an ICU. The project is voluntary and not representative of California hospitals. In 2002, 23 hospitals participated with 5,000 patients. Three models have been used for some time to identify risk and mortality prediction in ICUs. A fourth model (APACHE) has been added, and widely used in California hospitals. The data collected for the validation studies is excellent, and the question now is how to proceed with ICU modeling. The limitation to the discharge data set is that it is not detailed enough to identify those in the ICU. Preliminary results suggest that there is a variation in risk-adjusted mortality among hospital patients in ICUs.

There are three issues around the CALICO project: (1) use of the 15 additional data elements or use administrative data currently available, (2) whether the report should be released, and (3) which of the four models will best capture the best data for accomplishing the report.

The issue of volume outcome relationship is important from a policy standpoint. Leapfrog has said it is only a proxy if there are not good risk-adjusted models to actually capture true clinical variation. In performing the risk-adjusted outcome studies, it has been seen that there is a significant volume outcome relationship but there are also exceptions to that relationship. It is important that California consumers know that there can be a low volume hospital that can achieve very good quality.

Health Data and Public Information Committee: Vito Genna, Chair, reported that the next meeting would delve into charity care again, discuss work on ambulatory surgical data being reported, and look at ALIRTS data and dissemination.

Health Professions Education Foundation: Angela Smith, Director

The Health Professions Education Foundation is a non-profit corporation established to provide health professionals to underserved areas of California, which is governed by an 11-member Board of Trustees appointed by the Governor, Senate Pro Tempore and the Assembly Speaker. The objectives are to increase the number of health professionals practicing in underserved areas of California and to increase the number

of demographically underrepresented and economically disadvantaged students that practice in health professions. The Foundation was established in 1987.

In 1988, because the registered nurses in California were experiencing a shortage, they authored legislation that allowed for the creation of the Registered Nurse Education Fund and assessed themselves a $5 surcharge on their license renewal fee. The Fund currently provides about $675,000 annually. The Foundation has always provided financial support, i.e., scholarships and loan repayments to all Californians.

In 2000, legislation passed which allowed state-operated health facilities to qualify as facilities in a designated shortage area. The awardees of the Foundation's programs are able to practice in state-operated health facilities and fulfill their service obligation.

In 2003, three pieces of legislation impacted the Foundation. The Central Valley has one of the lowest RN ratios in the state. AB 2516 recognized that shortage and gave the Foundation a $1.9 million grant to provide scholarships in a six-county area of the Central Valley. There is a requirement that students volunteer at least ten hours annually in the community to address issues related to the nursing program. There is also a faculty fellowship program component to individuals who will actually become nursing faculty in the Central Valley.

AB 938 created the Mental Health Provider Education Program. A $10 surcharge on the license fees of certain mental health providers will create a fund that will generate about $300,000 annually.

SB 358 creates the Vocational Nurse Education Program. LVNs will be assessed a $5 surcharge on their license renewal fee, which will generate approximately $225,000 in funding annually. Vocational nursing scholarships will be provided to students, with emphasis on those going from CNAs to LVNs, and LVNs pursuing their Associate's degree in nursing.

The Health Professions Education Fund is funded entirely through grants from public and private foundations and contributions from hospitals, corporations and individuals.

In 1999, the Foundation launched a five-year, $10 million campaign. The Foundation administers eight programs, targeting nursing students at all levels from Associate, Baccalaureate, and Masters of Science degree nurses; healthcare professionals, including pharmacy techs, occupational therapists and occupational therapy assistants, and social workers; physician assistants, dentists, dental hygienists, and other medical imaging technicians.

Foundation awards have been granted to over 1,700 health professional students and graduates throughout California. All awardees of the Foundation must sign a contract to work in an underserved area for one year for each year of funding received. Loan repayment awardees must submit quarterly verification of employment in an underserved area, and proof of completion of their education program is required. The Associate Degree Nursing students are required to complete a BSN degree within five years of completing their Associate Degree in Nursing.

Cal-Mortgage Loan Insurance Program: Tacia Carroll, Acting Deputy Director

The Cal-Mortgage program has been in existence for over 30 years, authorized by an initiative vote in 1968. The purpose is to improve equitable access to healthcare by insuring low interest loans for health facilities. Without this program, many of the smaller, non-investment projects would not be funded. All operations and administrative costs of the program are paid out of the Health Facility Construction Loan Insurance Fund.

The application process includes seven steps, including a preliminary review to look at the project for eligibility and need. Often staff is involved before a formal application is received. Staff analyzes the formal application and a recommendation is made, as well as identifying any risks associated with issuing a project and negotiating special conditions to address those risks. Then there is a review by the Advisory Loan Insurance Committee, which makes a recommendation to the Director of OSHPD, who issues a preliminary letter of commitment, including all of the conditions of the loan required to be met before the loan closes. Then bonds are sold, escrow closes, and funds made available for the project.

The Advisory Loan Insurance Committee consists of nine members with backgrounds in financial analysis, health facility management, operation or construction. The main responsibility is to review applications that staff has recommended for approval. In addition, the Committee assists the Director in formulating policy and provides advice and review of the Cal-Mortgage State Plan. One member is appointed by the Department of Finance and the Director of OSHPD makes the other eight appointments.

CHPDAC's role is to act as a review hearing board for projects which are perhaps denied either by the Committee or Director. Only one project has come before CHPDAC, and that was several years ago. The Commission heard and denied the appeal, and the program did not insure the project.

As of October 31, 2003, there were 177 insured projects, totaling $1.2 billion in insured risk. The program is authorized to insure up to $3 billion in loans.

The highest volume of loan requests in the last two years is from continuing care retirement communities, which tend to be rather large loans, representing almost $300 million. Some of these facilities charge a front-end fee and a monthly fee for entrance into the facility. Commissioner Morris asked if a profile could be developed of persons in CCRs being served by this program. It was noted that the program only insures non-profits, and CCRs would only be a small percentage.

Jacquie Paige noted that CHPDAC has encouraged Cal-Mortgage to pull away more from funding of acute care types of facilities and look at the "gap" services such as assisted living facilities, etc. This is reflective in the annual report, which has been distributed to CHPDAC members.

The program is funding projects mostly to facilities that cannot otherwise obtain funding. Some projects are opting out of the program by refinancing elsewhere at a lower rate. Over the years, only ten projects have defaulted and payments paid out the fund as a result. Currently, three projects are requiring payments out of the insurance fund. Triad/Sherman Oaks went through bankruptcy and the program is paying much of the debt service, about $154 million. Hermandad is a clinic in Los Angeles, which has gone through bankruptcy, with a debt service of about $3.7 million. A resolution is being attempted to pay a portion or all of the debt service. A resolution for Sierra Sunrise in Chico is being attempted for about $17 million.

A borrower deposits 12 months of their monthly PI payments into a reserve fund and these funds can be used if a project is having financial difficulty. Eight borrowers are currently using these reserve funds. Thirteen borrowers are on a "watch" list because their cash flow is tight.

The HFCLIF cash balance has improved to $84 million. The most significant change in the last report is that the State's credit rating was lowered by Standards and Poors, which impacts the interest rates which borrowers pay.

Question was asked if the retrofitting for the seismic safety program would qualify for the program in the future. A few facilities might try to use it, but there is a $3 billion cap on the program, not enough to address this issue for many facilities.

Next Meeting Date: The next meeting will be held on February 10, 2004 in Southern California.

Adjournment: The meeting adjourned at 12:50 p.m.